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# ANNUAL REPORT TO STOCKHOLDERS



1939

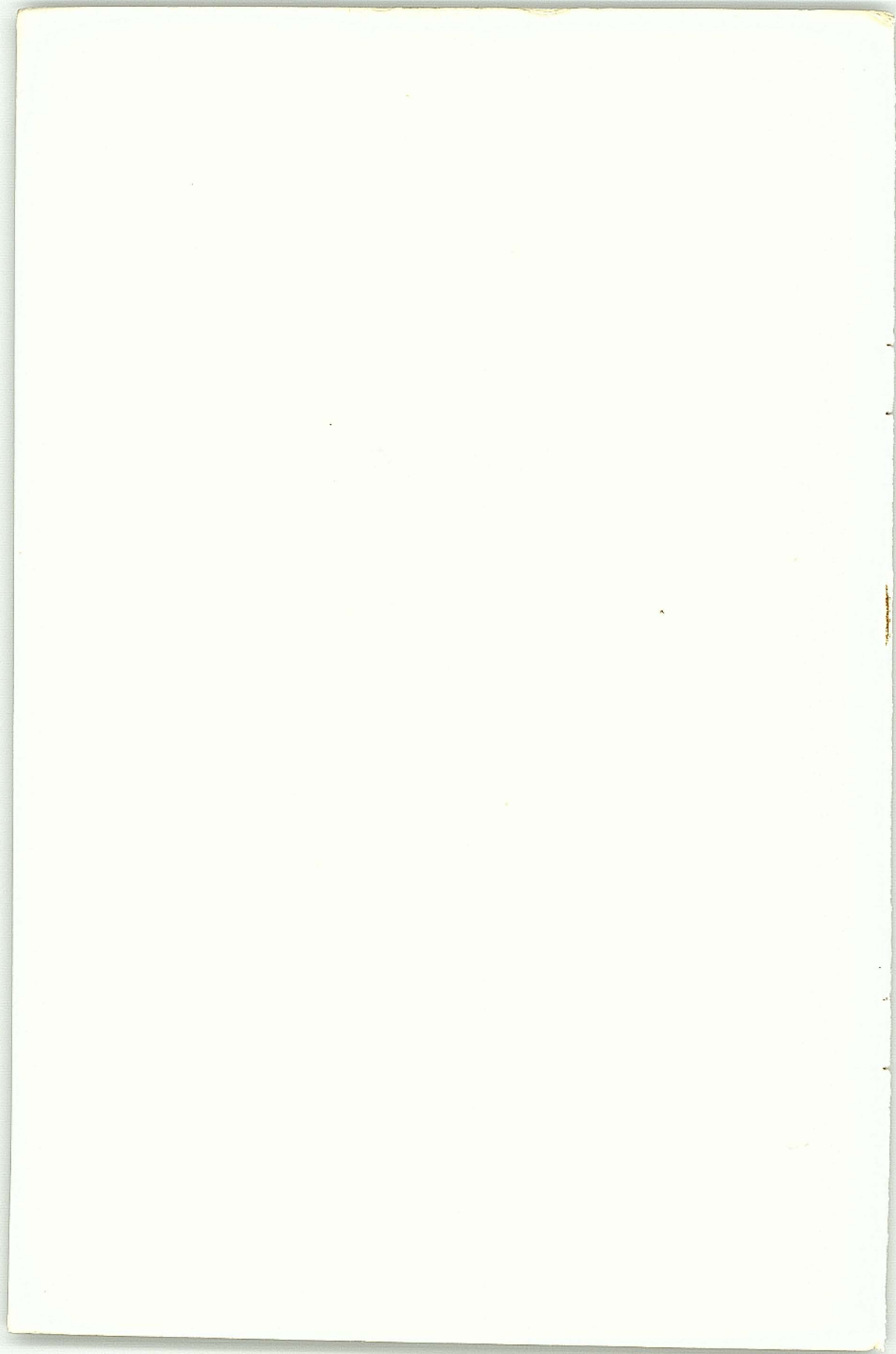
THE COCA-COLA COMPANY  
WILMINGTON, DELAWARE

BOARDS

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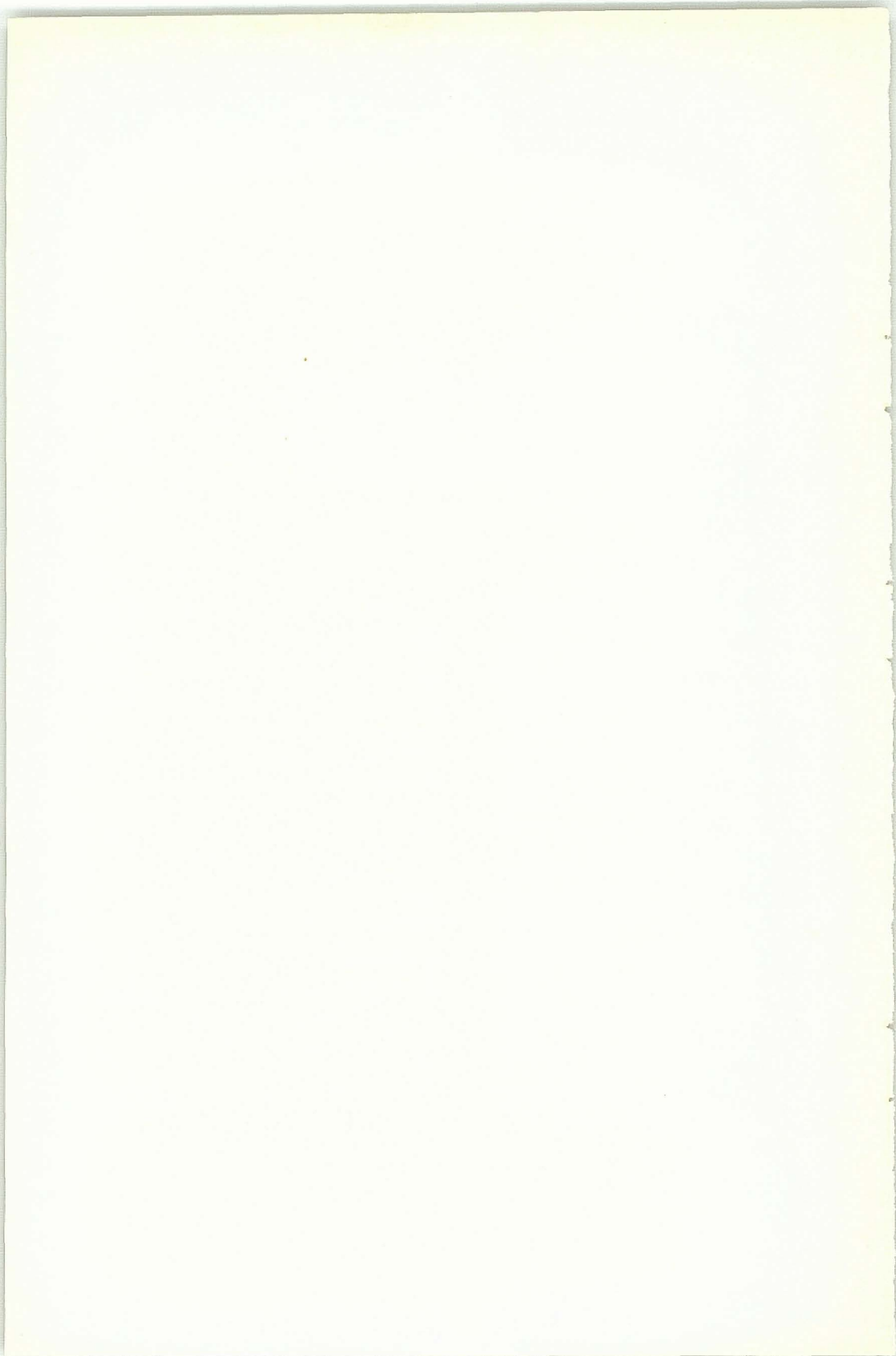
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ANNUAL REPORT  
THE COCA-COLA COMPANY  
AND ITS SUBSIDIARIES



FOR THE YEAR  
1939



## THE COCA-COLA COMPANY

WILMINGTON, DELAWARE

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TO THE STOCKHOLDERS OF  
THE COCA-COLA COMPANY:

The consolidated balance sheet and statement of operations for 1939 are submitted herewith. Net earnings applicable to common stock after taxes, Class "A" dividends, reserves, and all charges, were \$27,230,374.73.

Plant enlargements and improvements have enabled our production and distribution facilities to meet the increasing demands upon them. Employment and payrolls are at the highest levels in the Company's history.

Inventories and commitments have been maintained so as to provide reasonable future coverage of raw materials.

The Company's foreign business continues to go forward and is being expanded where conditions seem to justify. Reserves are provided against fluctuations in foreign exchange.

For more than fifty years our talents and resources have been devoted to the making of a product of the highest quality, available everywhere, and we are mindful of the responsibility which the public confidence in Coca-Cola places upon us. We shall continue the policy of improving our facilities and service and of constantly expanding our efforts to merit an increasing acceptance of our product.

Respectfully submitted,

R. W. WOODRUFF,  
*Chairman.*

April 2, 1940.

# CONSOLIDATED

## THE COCA-COLA COMPANY AND I

December

### ASSETS

#### CURRENT:

Cash on deposit and placed on call . . .	\$14,704,537.08	
Government securities—at cost, United States and Canadian—(Mar- ket value \$4,186,362.87) . . . . .	4,180,772.48	
Accounts receivable—trade (less re- serve of \$34,727.51) . . . . .	3,950,108.89	
Inventory — merchandise including sugar stored in bonded warehouses— (Priced at lower of cost or market)	19,361,963.70	\$42,197,382.15

#### INVESTMENTS AND OTHER ASSETS:

Securities of affiliated companies not consolidated—at cost . . . . .	\$ 96,083.33	
Accounts due from affiliated companies not consolidated . . . . .	177,274.09	
Other securities investments — at cost (Market value \$2,087,832.50) . . . . .	585,712.29	
Other receivables and miscellaneous . . . . .	1,445,766.80	2,304,836.51

#### PROPERTY, PLANT AND EQUIPMENT—at Cost:

Land . . . . .	\$ 2,118,588.88	
Buildings . . . . .	11,254,432.85	
Machinery and equipment . . . . .	6,985,510.05	
Containers . . . . .	2,816,217.60	
	\$23,174,749.38	
Less reserve for depreciation . . . . .	5,865,678.63	17,309,070.75

#### FORMULAE, TRADE MARK AND GOODWILL—

at cost . . . . .	30,560,250.23	
DEFERRED CHARGES . . . . .	1,042,216.50	
	<u>\$93,413,756.14</u>	

NOTE—Assets of foreign subsidiaries included in this balance sheet consist of net current, \$5,359,987.10; property, plant and equipment at depreciated cost, \$4,340,957.95; and other assets, \$1,581,430.58. Fixed assets are stated at rates of exchange prevailing at dates of acquisition, and net current and all other assets at rates of exchange prevailing at December 31, 1939. Earned surplus includes \$7,850,202.30 accumulated earnings of foreign subsidiaries.



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## BALANCE SHEET

### TS WHOLLY OWNED SUBSIDIARIES

· 31, 1939

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#### LIABILITIES

##### CURRENT:

Accounts payable . . . . .	\$ 3,225,850.42	
Accrued expenses . . . . .	50,599.04	
Accrued taxes—including income and capital stock taxes . . . . .	8,309,513.24	\$11,585,962.70

##### RESERVE:

For contingencies and miscellaneous operations . . . .	13,011,479.82
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##### CAPITAL STOCK:

###### Class "A"—No par value:

\$3.00 preference dividend cumulative,  
callable at \$52.50 per share.

###### Authorized and originally

issued . . . . . 1,000,000 shares

Less retired . . . . . 400,000 shares

###### Issued and out-

standing . . . . . 600,000 shares \$ 3,000,000.00

###### Common—no par value:

###### Authorized and

issued . . . . . 4,000,000 shares 25,000,000.00

\$28,000,000.00

SURPLUS—Earned . . . . . 41,005,846.68

\$69,005,846.68

###### Less common stock owned by

Company—at cost—8,100 shares . . . 189,533.06 68,816,313.62

\$93,413,756.14

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CONSOLIDATED PROFIT AND LOSS STATEMENT  
THE COCA-COLA COMPANY AND ITS WHOLLY OWNED SUBSIDIARIES  
Year Ended December 31, 1939

GROSS PROFIT . . . . .	\$58,129,262.78
EXPENSES	
Selling, branch, administrative and general . . . . .	19,880,083.13
OPERATING PROFIT . . . . .	\$38,249,179.65
Other deductions . . . . .	\$2,707,868.26
Less other income . . . . .	832,063.34
PROFIT BEFORE TAXES ON INCOME . . . . .	\$36,373,374.73
Provision for taxes on income—estimated . . . . .	7,343,000.00
NET PROFIT . . . . .	<u>\$29,030,374.73</u>

NOTE (a)—Provision of \$1,172,895.25 for depreciation was charged to manufacturing and other expenses. Other deductions include interest paid, \$7,993.26; and \$1,245,352.56 for additions to the reserve for contingencies and miscellaneous operations, against which has been charged \$733,999.35 to reflect the reduced value of foreign exchange in connection with assets other than fixed assets, of foreign subsidiaries at the close of the year.

NOTE (b)—Consolidated net earnings of foreign subsidiaries for the year are included in net profit shown above and, with the exception of \$90,577.17, were all remitted in United States funds.

CONSOLIDATED SURPLUS ACCOUNT

BALANCE—December 31, 1938 . . . . .	\$33,734,971.95
Net profit for the year ended December 31, 1939 . . . . .	29,030,374.73
	<u>\$62,765,346.68</u>

DEDUCTIONS

Dividends paid in cash:

CLASS "A":

June 30, 1939—\$1.50 per share	\$ 900,000.00	
Dec. 14, 1939—\$1.50 per share	900,000.00	\$ 1,800,000.00

COMMON:

Mar. 31, 1939—\$ .50 per share	\$ 2,000,000.00
June 30, 1939—\$ .75 per share	3,000,000.00
Sep. 30, 1939—\$ .75 per share	3,000,000.00
Dec. 14, 1939—\$ .75 per share	
plus \$2.25 per share extra	12,000,000.00
	<u>\$20,000,000.00</u>

Less dividends on stock owned by Company . . . . .	40,500.00	19,959,500.00
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TOTAL DIVIDENDS PAID . . . . .	21,759,500.00
SURPLUS—December 31, 1939 . . . . .	<u>\$41,005,846.68</u>



# ERNST & ERNST

ACCOUNTANTS AND AUDITORS  
SYSTEM SERVICE

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TO THE BOARD OF DIRECTORS  
THE COCA-COLA COMPANY  
Wilmington, Delaware

We have examined the consolidated balance sheet of THE COCA-COLA COMPANY and its wholly owned subsidiaries as of December 31, 1939, and the consolidated statements of profit and loss and surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the Company and its domestic subsidiaries and, without making a detailed audit of the transactions, have examined or tested accounting records of these companies and other supporting evidence by methods and to the extent we deemed appropriate.

Statements were furnished us as of December 31, 1939, for subsidiaries in Canada and Cuba, certified by other independent auditors, and at either October 31st or November 30, 1939, for other foreign subsidiaries, also (with one exception) certified by other independent auditors. The amounts for fixed assets of foreign subsidiaries have been converted at the rates of exchange in effect on the dates such assets were acquired, and all other assets and liabilities at the rates prevailing at December 31, 1939. The amount of \$477,273.07, representing the excess of current assets over current liabilities for foreign subsidiaries other than subsidiaries in Canada and Cuba, has been removed from current and included in the last item under investments and other assets in the attached balance sheet. Other items included for these subsidiaries in the attached financial statements are not material in relation to the totals, and contingent reserves are available to cover any contingent losses due to these investments.

In our opinion, based upon our examination and the statements of foreign subsidiaries above referred to, the accompanying balance sheet and related statements of profit and loss and surplus present fairly the consolidated position of THE COCA-COLA COMPANY and its wholly owned subsidiaries at December 31, 1939, and the consolidated results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ERNST & ERNST.

March 2, 1940.

# THE COCA-COLA COMPANY

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## BOARD OF DIRECTORS

A. A. ACKLIN	MRS. LETTIE P. EVANS	E. W. STETSON
W. C. BRADLEY	EDWARD FINLAY	W. C. TEAGLE
J. B. CAMPBELL	T. K. GLENN	D. A. TURNER
C. H. CANDLER	J. P. ILLGES	C. A. WICKERSHAM
W. C. D'ARCY	WINSHIP NUNNALLY	GEO. W. WOODRUFF
S. C. DOBBS	C. J. ROOT	R. W. WOODRUFF
	HAROLD HIRSCH (deceased)	

## EXECUTIVE COMMITTEE

R. W. WOODRUFF, *Chairman*

W. C. BRADLEY	C. H. CANDLER	E. W. STETSON
J. B. CAMPBELL	W. C. D'ARCY	GEO. W. WOODRUFF
	T. K. GLENN	

## OFFICERS

R. W. WOODRUFF . . . . .	<i>Chairman Board of Directors</i>
W. C. BRADLEY . . . . .	<i>Chairman Advisory Committee</i>
A. A. ACKLIN . . . . .	<i>President</i>
HARRISON JONES . . . . .	<i>Vice-President</i>
RALPH HAYES . . . . .	<i>Vice-President</i>
DESALES HARRISON . . . . .	<i>Vice-President</i>
W. P. HEATH . . . . .	<i>Vice-President</i>
PRICE GILBERT, JR. . . . .	<i>Vice-President</i>
W. N. COCHRAN . . . . .	<i>Vice-President</i>
B. NEAL HARRIS . . . . .	<i>Vice-President</i>
T. CARL THOMPSON . . . . .	<i>Vice-President</i>
HOMER B. THOMPSON . . . . .	<i>Vice-President</i>
HAROLD S. SHARP . . . . .	<i>Vice-President</i>
S. F. BOYKIN . . . . .	<i>Vice-President and Treasurer</i>
GEO. T. ADAMS . . . . .	<i>Vice-President and Secretary</i>

## GENERAL COUNSEL

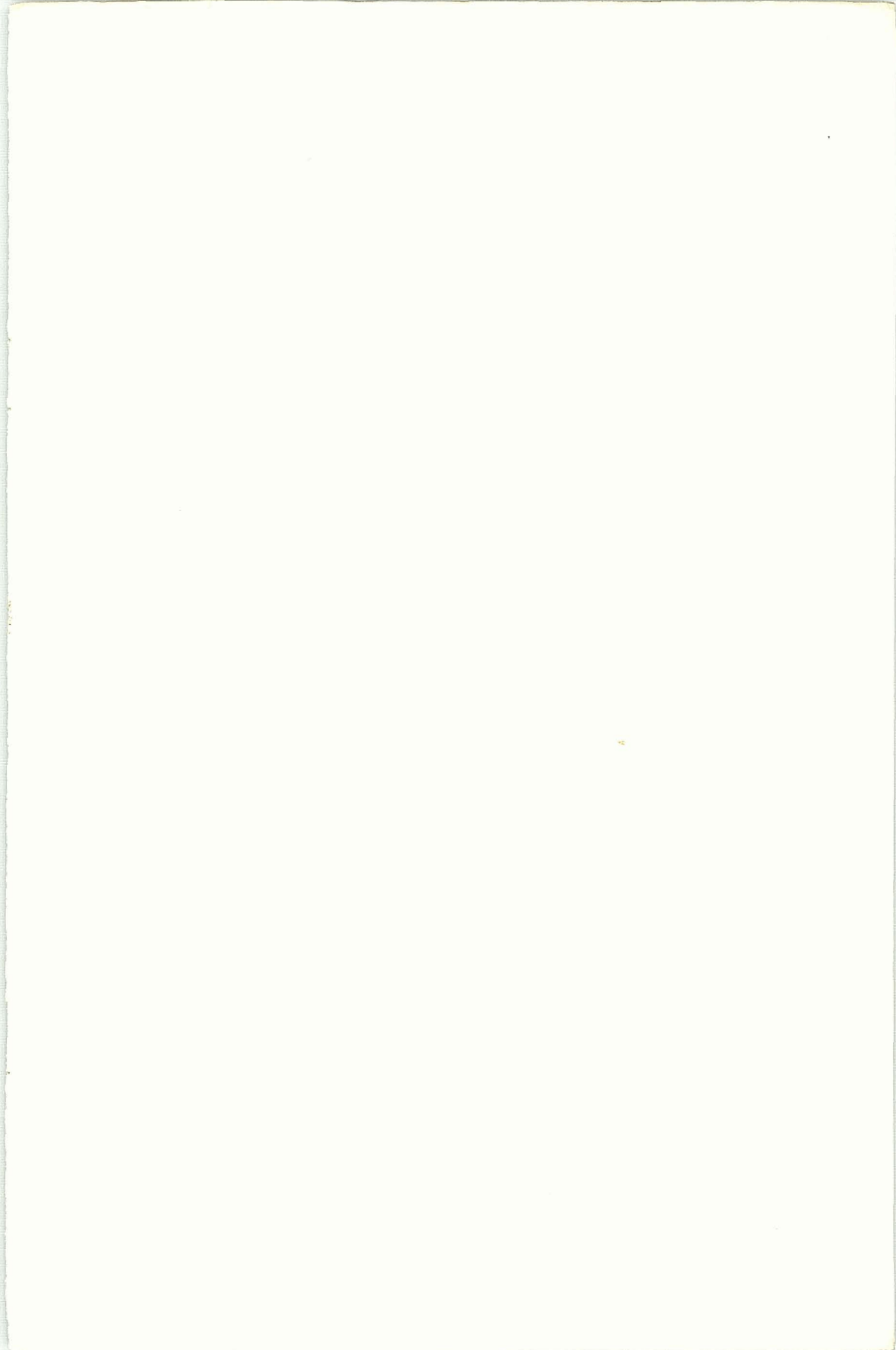
JOHN A. SIBLEY

## TRANSFER AGENTS

WILMINGTON TRUST COMPANY <i>Wilmington, Delaware</i>
GUARANTY TRUST COMPANY OF NEW YORK <i>New York, N. Y.</i>

## REGISTRARS

EQUITABLE TRUST COMPANY <i>Wilmington, Delaware</i>
CHASE NATIONAL BANK <i>New York, N. Y.</i>



1870

1871

1872